

Message Text

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ACTION ARA-20

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FM AMEMBASSY SANTO DOMINGO

TO USDOC WASHDC PRIORITY

SECSTATE WASHDC PRIORITY 1348

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PASS EXIMBANK

E.O. 11652: N/A

TAGS: ENRG, ETRD, BMEP, DR

SUBJECT: WESTINGHOUSE AND THE DOMINICAN ELECTRIC CORPORATION (CDE)

REF : SD 2332, JUNE 7, 1974 AND PREVIOUS

1. SUMMARY. THE DOMINICAN ELECTRIC CORPORATION (CDE) CONTINUES TO EXPERIENCE DIFFICULTIES WITH TWO RECENTLY INSTALLED WESTINGHOUSE GAS TURBINES. CDE NOW APPEARS READY TO ESCALATE THIS PROBLEM TO A MORE PUBLIC CONFRONTATION WITH WESTINGHOUSE - AN ATTEMPT TO REFOCUS THE BLAME FOR THE REGULAR POWER SHORTAGES IN THE CAPITAL AND ELSEWHERE.

2. CDE ADMINISTRATOR GENERAL JULIO SAURI HAS INFORMED THE EMBASSY THAT BOTH THE SAN PEDRO AND BARAHONA UNITS HAVE RECENTLY BEEN OUT-OF-SERVICE FOR EXTENDED PERIODS OF TIME; BOTH WERE OUT SIMULTANEOUSLY FOR 13 DAYS EARLIER THIS MONTH, AND THE SAN PEDRO TURBINE HAS RARELY WORKED FOR MORE THAN A FEW DAYS AT A TIME. SAURI IS AS UNHAPPY

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WITH WESTINGHOUSE SERVICE AS WITH THE PERFORMANCE OF THE

UNITS; HE INSISTS THAT THE COMPANY IS NOT DEVOTING ITSELF FULLY TO CORRECTING THE PROBLEM AND HAS CONSISTENTLY OFFERED EXCUSES RATHER THAN SOLUTIONS.

3. SAURI TOLD THE COMMERCIAL ATTACHE AUGUST 29 THAT, AT THE INITIATIVE OF COMODORE FRANCISCO RIVERA CAMINERO, CDE SUPERVISOR GENERAL AND SAURI'S NOMINCAL SUPERIOR, THE AUGUST 30 CDE BOARD OF DIRECTORS MEETING WILL SPECIFICALLY ADDRESS THIS PROBLEM. RIVERA HAS WRITTEN TO BAORD MEMBERS SUGGESTING THAT THEY DEMAND THAT WESTINGHOUSE "MEET ALL ITS CONTRACTUAL OBLIGATIONS, INCLUDING THE APPLICATION OF PENALTIES" AND THAT SOME KIND OF JOINT ACTION SHOULD BE SOUGHT WITH THE AGENCIES WHICH FINANCED THE PURCHASES (EXIMBANK, CHASE MANHATTAN BANK, BANK OF AMERICA).

4. COMMENT. THIS LATEST MOVE WILL INEVITABLY FIND ITS WAY INTO THE PRESS AND WILL PROVIDE ANOTHER FORUM FOR POLITICIANS IN THIS IMMEDIATELY POST-INAUGURAL PERIOD. THE EMBASSY IS IN NO POSITION TO JUDGE THE EFFICIENCE OF WESTINGHOUSE TURBINE REPAIR WORK, BUT THERE IS NO QUESTION THAT BAD FEELINGS AND A BAD IMAGE SEEM TO BE DEVELOPING OVER IT. STATE OR COMMERCE MAY WISH TO MENTION TO WESTINGHOUSE PEOPLE IN WASHINGTON OR PITTSBURGH THAT THERE ARE LARGE, UPCOMING CDE PURCHASES IN THE OFFING, AND THEY SHOULD CONSIDER THIS IN FOCUSING ON THEIR SITUATION HERE.
HURWITCH

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